

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**June 27, 2005**

**IN RE:**

**PETITION OF ATMOS ENERGY CORPORATION  
FOR APPROVAL OF FRANCHISE AGREEMENT  
WITH BLOUNT COUNTY AND ALCOA, TENNESSEE**

**DOCKET NO.  
04-00404**

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**ORDER APPROVING PETITION OF ATMOS ENERGY CORPORATION  
FOR APPROVAL OF FRANCHISE AGREEMENT WITH BLOUNT COUNTY  
AND ALCOA, TENNESSEE, PURSUANT TO TENN. CODE ANN. § 65-4-107**

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This matter came before Director Deborah Taylor Tate, Director Sara Kyle and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority"), the voting panel assigned to this Docket, at a regularly scheduled Authority Conference held on February 28, 2005 for consideration of the *Petition of Atmos Energy Corporation for Approval of Franchise Agreements with the City of Alcoa and Blount County, Tennessee* (the "*Petition*") filed on November 17, 2004.

**The Petition**

In its *Petition*, Atmos Energy Corporation ("Atmos" or the "Company") requests Authority approval, pursuant to Tenn. Code Ann. § 65-4-107 (2004), of franchise agreements contained in ordinances entered by the City of Alcoa and Blount County on August 27, 2004 and August 26, 2004 respectively. As stated in the *Petition*, the ordinances grant to Atmos the nonexclusive rights to provide natural gas services in the City of Alcoa and the unincorporated area within Blount County, Tennessee. Each agreement's term is ten years with an automatic

renewal for an additional five years unless the relevant governing body votes not to renew within one year prior to the end of the initial ten-year term. A copy of the ordinances are attached hereto as Exhibit 1. No person sought intervention in this matter.

A Notice of Hearing was issued on December 30, 2004, scheduling a Hearing on the merits of the *Petition* of Atmos for January 31, 2005. On January 12, 2005, Atmos filed a motion requesting additional time to file direct testimony and to reschedule the Hearing. Pursuant to a Re-Notice of Hearing issued on February 1, 2005, a Hearing on the merits of the *Petition* of Atmos was held on February 28, 2005. The Company was represented by the following counsel:

**Misty Smith Kelley, Esq.;** Baker, Donelson, Bearman & Caldwell, 1800 Republic Center, 633 Chestnut Street, Chattanooga, Tennessee 37450

#### **Standards for Authority Approval**

Tenn. Code Ann. § 65-4-107 (2004) provides that no grant of a privilege or franchise from the State or a political subdivision of the State to a public utility shall be valid until approved by the Authority. Approval pursuant to Tenn. Code Ann. § 65-4-107 (2004) requires a determination by the Authority, after hearing, that “such privilege or franchise is necessary and proper for the public convenience and properly conserves the public interest.”<sup>1</sup> Tenn. Code Ann. § 65-4-107 (2004) further provides that in considering such privilege or franchise, the Authority “shall have the power, if it so approves, to impose conditions as to construction, equipment, maintenance, service or operation as the public convenience and interest may reasonably require.”<sup>2</sup>

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<sup>1</sup> Tenn. Code Ann. § 65-4-107 (2004)

<sup>2</sup> *Id*

### **Pre-filed Testimony of Russell Murph**

On February 11, 2005, Atmos filed the Direct Testimony of Russell Murph, Operations Manager for Atmos in the region affected by these franchise agreements. Mr. Murph stated that the natural gas distribution system of Atmos in Alcoa and the unincorporated area within Blount County contains approximately 216 miles of pipe and is interconnected with and dependent upon the distribution system located within the areas of Alcoa and Blount County. Mr. Murph also testified as to the large number of customers within the areas of Alcoa and the unincorporated area within Blount County. The majority of the pipeline in Atmos's distribution system is located within the public rights-of-way. Mr. Murph stated that without access to these public rights-of-way, Atmos could not adequately operate, maintain, or replace its distribution system.

Mr. Murph relayed that Atmos and its predecessors have operated for many years in the City of Alcoa and Blount County under various franchise agreements. The previous agreements having expired, Atmos entered into negotiations for a new agreement. Representatives of Atmos contacted representatives from the City of Alcoa and Blount County in order to negotiate the terms of the new agreement. According to Mr. Murph, the new franchise agreement was the result of arm's-length negotiations between Atmos and Alcoa and Blount County.

### **Testimony at the February 28, 2005 Authority Conference**

At the February 28, 2005 Authority Conference, Mr. Murph adopted his pre-filed testimony filed on February 11, 2005 and further testified regarding the Alcoa and Blount County franchise agreements.

### **Findings and Conclusions**

Atmos's franchise agreements with Alcoa and Blount County continue longstanding franchise arrangements in communities where Atmos has extensive operations that rely on use of

the public rights-of-way. These franchise arrangements, which were undisputed, have been and continue to be of mutual benefit to Atmos, its customers, and the respective communities. The panel finds that these agreements are in the public interest. Accordingly, the Alcoa and Blount County agreements are approved pursuant to Tenn. Code Ann. § 65-4-107 (2004).

**IT IS THEREFORE ORDERED THAT:**

1. The proposed franchise agreements between Atmos Energy Corporation and the City of Alcoa and Blount County, Tennessee are approved.
2. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration within fifteen (15) days of the date of this Order; and
3. Any party aggrieved by the Authority's action embodied herein may file a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.

  
Deborah Taylor Tate, Director

  
Sara Kyle, Director

  
Ron Jones, Director

**ACCEPTANCE OF FRANCHISE**

City of Alcoa, Tennessee

TO: City Recorder  
Alcoa, Tennessee

Atmos Energy Corporation hereby respectfully files with you its written acceptance of the franchise adopted by the Mayor and City Council of the City of Alcoa, Tennessee, dated SEPTEMBER 20, 2004, entitled:


ORDINANCE NO. 04-032

AN ORDINANCE GRANTING TO ATMOS ENERGY CORPORATION, ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO PROVIDE THE CITY OF ALCOA, TENNESSEE, WITH NATURAL GAS SERVICE, AND THE RIGHT TO CONSTRUCT, MAINTAIN, AND OPERATE A SYSTEM OF GAS MAINS AND SERVICE PIPES FOR THE PURPOSE OF TRANSMITTING AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER THE HIGHWAYS, STREETS, AVENUES, ROADS, ALLEYS, LANES, WAYS, UTILITY EASEMENTS, PARKWAYS AND OTHER PUBLIC GROUNDS OF THE CITY OF ALCOA, TENNESSEE

and all the rights and privileges, terms and provisions therein contained.

IN WITNESS WHEREOF, Atmos Energy Corporation, has caused this instrument to be signed by its Vice-President on this 15<sup>th</sup> day of September, 2004.

ATMOS ENERGY CORPORATION

By   
Robert M. Elam  
Vice-President, Mid-States Division

**RECEIPT**

TO: ATMOS ENERGY CORPORATION

The Undersigned, City Clerk of the City of Alcoa, Blount County, Tennessee hereby acknowledges receipt of an instrument of acceptance of a certain gas franchise ordinance signed by the Vice-President of the Mid-States division of Atmos Energy Corporation, and that the acceptance of such franchise ordinance was delivered to the undersigned as City Clerk of said City on the 20 day of September, 2004, and is now held as part of the records of said City.

WITNESS the hand of said City Clerk and the seal of said City on this 20 day of September, 2004.

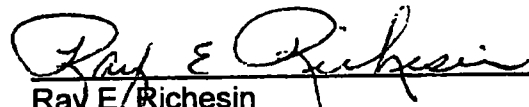
  
City Clerk

CERTIFICATION


STATE OF TENNESSEE   )  
                                  )ss  
COUNTY OF BLOUNT    )

I, RAY E. RICHESIN, do hereby certify that I am the Recorder of the City of Alcoa and that the attached ordinance is a true, correct and exact copy of Ordinance number 04-032, passed on second and final reading by the Alcoa Board of Commissioners on August 27, 2004.

WITNESS my hand and the seal of said City on this the 7<sup>th</sup> day of September, 2004.

  
\_\_\_\_\_  
Ray E. Richesin  
City Recorder

Subscribed and sworn to before me  
this the 7<sup>th</sup> day of September, 2004.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: March 15, 2005

ORDINANCE NO. 04-032

AN ORDINANCE GRANTING TO ATMOS ENERGY CORPORATION, ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO PROVIDE THE CITY OF ALCOA, TENNESSEE, WITH NATURAL GAS SERVICE, AND THE RIGHT TO CONSTRUCT, MAINTAIN, AND OPERATE A SYSTEM OF GAS MAINS AND SERVICE PIPES FOR THE PURPOSE OF TRANSMITTING AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER THE HIGHWAYS, STREETS, AVENUES, ROADS, ALLEYS, LANES, WAYS, UTILITY EASEMENTS, PARKWAYS AND OTHER PUBLIC GROUNDS OF THE CITY OF ALCOA, TENNESSEE

BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF ALCOA, TENNESSEE, as follows:

**SECTION 1: GRANT & TERM**      There is hereby granted to Atmos Energy Corporation, a corporation organized and existing under the laws of the State of Texas, and the Commonwealth of Virginia, its successors and assigns (hereinafter for convenience, individually and collectively referred to as "Company"), the right, authority, privilege, and non-exclusive franchise to serve the City of Alcoa (hereinafter for convenience referred to as "Municipality"), and in the providing of such natural gas service to construct, maintain and operate a system of gas mains, service pipes, regulator stations and all other necessary and appropriate equipment and facilities for the distribution of gas, in, upon, under, along, across and over the highways, streets, avenues, road, alleys, lanes, ways, utility easements, parkways and other public grounds in the present or future corporate limits of the Municipality, for the supplying of gas and its by-products to said Municipality and the inhabitants, institutions and businesses thereof, and for such other appliances, fixtures and facilities as may be necessary for the transmission, distribution and sale of such to said Municipality and the inhabitants thereof for domestic, commercial, industrial and institutional uses, and other purposes for which it is or may hereafter be used, for a period of ten (10) years from and after the passage and approval of this Ordinance unless such franchise is terminated sooner pursuant to Section 14 hereof. The term of this Ordinance shall be renewed for an additional five-year period on the same terms and conditions unless such franchise is terminated sooner pursuant to Section 14 hereof or the City Council votes within one year prior to the end of the initial ten-year term not to renew. The Company hereby agrees to provide such natural gas service to the Municipality and its inhabitants in accordance with the terms of the Ordinance.



**SECTION 2: CONSTRUCTION OF FACILITIES** All gas mains, service pipes, fixtures, facilities and other appliances so laid, constructed and maintained by virtue of this Ordinance, shall be so laid, constructed and maintained in accordance with good engineering principles, good workmanship and with all applicable engineering codes and in accordance with any applicable Statutes of the State of Tennessee and the Rules and Regulations of the Tennessee Regulatory Authority or of any other governmental regulatory commission, board or agency having jurisdiction over the Company and in compliance with all applicable ordinances and regulations of the governing municipality. Said facilities shall be constructed as not to interfere with the drainage of said Municipality or unreasonably interfere with or injure any utility or any other improvement which said Municipality has heretofore made or may hereafter make in, upon or along any highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground, or unnecessarily impede or obstruct such highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways, and other public grounds of said Municipality, and shall conform to the grade as then or hereafter established. The Company agrees to attempt to utilize known right-of-way whenever practical before resorting to right of condemnation to which the Company may be entitled to utilize by law.

**SECTION 3: STREET SAFETY** When the streets, avenues, alleys and other public ways are opened, or any other opening is made by the Company within the Municipality, where the same is made for the purpose of laying, constructing, replacing or repairing the mains, pipes and other appliances and fixtures of the Company, the Company shall place and maintain necessary safety devices, barriers, lights and warnings to properly notify persons of any dangers resulting from such entrances, and shall comply with applicable safety regulations required by federal, state, and local laws.

**SECTION 4: RELOCATION OF FACILITIES** In the event it becomes necessary or expedient for the Municipality to change the course or grade of any highway, street, avenue, road, alley, way, parkway, or other public ground in which the Company is maintaining gas mains, pipes or other appliances and fixtures, then, upon the written request of the Municipality, the Company, at its ex-

pense, will remove or change the location or depth of such mains, pipes or other appliances and fixtures, as necessary to conform to the proposed street alteration.

**SECTION 5. USE OF PUBLIC WAYS** Whenever the Company plans to enter upon any highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground for the purpose of constructing, replacing or repairing any gas mains, pipes, or other appliances, it shall notify the Municipality of such work and shall file a plan or map of the proposed work, if practicable, before commencing same. The Company shall be responsible for payment of such fees and acquiring such permits as may be required for said work. Whenever any highway, street, avenue, road, alley, lane, way, utility easement, parkway or other public way shall be entered, dug up or disturbed by the Company, the Company shall, at its expense and as soon as possible after the work is completed, restore such highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground in as good condition as existed before the work was done. In the event the Company shall fail to fulfill its obligations under this section, the Municipality, after giving the Company reasonable written notice, and failure of the Company to make such repairs or restoration within three (3) working days after the receipt of such notice by the Company, may make the necessary restoration or repairs itself and the Company shall be liable and shall reimburse the Municipality for the cost of the same or in accordance with provisions that may be contained in any prevailing ordinance(s) or regulation(s).

The provisions of this section shall not be applied nor interpreted in such a way as to prevent or delay Company work that may be required as a result of any emergency, leak or other immediate hazard or danger.

**SECTION 6. LOCAL OPERATING PRACTICES** The purpose and intent of this franchise is that the Company will provide and maintain in a good state of repair a gas distribution plant and facilities, including but not limited to, mains, pipes, appliances, equipment, machinery, fixtures, meters and customer services to and for the citizens of the Municipality. To achieve these ends, the Company will provide, but not be limited to, the following:

A. An ample supply subject to interstate pipeline capacity and availability of natural gas for the present and future residential, commercial and industrial needs of the Municipality;

B. Maintain and staff a customer service office within Blount County which is open to the public Monday through Friday during normal business hours. The Company will staff the office with a minimum of one qualified employee to provide customer service, including billing and payment inquiries, acceptance of service connection/disconnection orders, and to use its best efforts to resolve customer issues. The Company shall maintain said office during the term of this Ordinance unless the Company and Municipality mutually agree in writing that the operation of said office may be modified or closed at a later date;

C. Maintain and staff, or by contract, provide a location or location(s) within the Municipality where customers' gas bills may be paid during normal business hours at least five (5) days a week;

D. Pay the fees as set forth in Section 11; and

E. Maintain and staff a warehouse or repair depot in Blount County where parts, pipes, meters, tools, machinery and equipment are maintained and housed to service the company's facilities and its customers, including but not limited to, residences, businesses, and industries of the Municipality.

SECTION 7 EMERGENCY SERVICES As a minimum, the Company shall maintain a staff of at least three (3) qualified persons where at least one (1) of such persons could respond to an emergency within the municipality within a reasonable amount of time. At least one (1) of the three (3) employees shall be available twenty-four (24) hours per day for performing emergency services. The Company shall provide adequate equipment and service personnel based in the Municipality or Blount County to respond to customer service calls from locations within the Municipality and shall provide the local public safety agency, including the Municipality's police and fire departments, the

Company's toll free emergency telephone number and a current listing of direct local and pager numbers of the local Company's agents or employees to contact in case of emergency. In recognition that the Municipality is responsible for public safety functions and emergency response, Company commits to notify the City telephonically with a follow up by telefax or telephone call of any emergency affecting its distribution facilities within the Municipality. The parties will endeavor to coordinate an appropriate and reasonable response to any such emergency.

**SECTION 8: INDEMNIFICATION** The Company shall at all times indemnify and hold harmless the Municipality from and against any and all lawful judgments and/or claims for injury to any person or property due to the failure to exercise due care and diligence of the Company, its employees, agents, servants, and contractors in the construction, maintenance, repair, installation, and/or operation of the system and its extensions, alterations, relocation, replacement of parts of the system and/or the failure of the Company to provide services or the negligence of the Company in providing services to citizens of the Municipality or in the City of Alcoa service area. The Municipality shall not be liable for the failure of the Company to perform any of its obligations under this franchise irrespective of whether the Municipality's personnel has notice or information of any condition caused or contributed to by the Company which does harm to persons or property. However, any written notice of demand received by the City Manager against the Municipality on account of the Company's services, facilities, installations, repair work, or any other action of the Company or the inaction of the Company required by this franchise will be forwarded to the Company within twenty (20) days after its receipt

**SECTION 9 TENNESSEE REGULATORY AGENCY (TRA) RULES AND REGULATIONS**

The Municipality and the Company hereby agree that this Ordinance shall from time to time be subject to rules and regulations adopted by the Company if approved by the TRA or any other regulatory body having jurisdiction thereof during the term of this Ordinance, and shall also be subject to all rules and regulations adopted and approved by the TRA or any other regulatory body and that all such rules and regulations shall be and become a part of this Ordinance to the same extent and with the same effect as if said Rules and Regulations were herein set out in full The Company

shall not be obligated or required to make any extension of distribution mains or service lines except in accordance with the provisions relating thereto adopted or approved by the TRA, or any other regulatory body having jurisdiction thereof during the term of this Ordinance.

SECTION 10: COMPANY RIGHTS Nothing herein contained shall be construed as preventing the Company from installing, placing, replacing, taking up, repairing or removing gas pipes, mains, service pipes or other devices for furnishing gas services, from using any easements for gas service which are shown on any plats of any portion of said Municipality heretofore or hereafter platted or recorded or any such easement which may hereafter be created, granted or dedicated for any such utility purposes by any person, firm or corporation whatsoever.

SECTION 11: FRANCHISE FEE As consideration for the grant of the franchise and right herein and for the use by Company of the streets, roads, highways, alleys, public ways and other real property owned or controlled by the Municipality, Company shall pay to the Municipality a franchise fee equal to the aggregate of the following:

A Five percent (5%) of Company's gross receipts derived from retail natural gas sales within the corporate limits of the Municipality;

B One half of one cent per one hundred cubic feet (\$ 005/ccf) of natural gas transported by Company within the corporate limits of the Municipality during the preceding calendar year to each customer of Company who has elected to receive only gas transportation service from Company.

The franchise fee shall be paid to the Municipality quarterly within sixty (60) days of the end of each quarter. The Company shall furnish to the Municipality a report showing the monthly amount of gross revenues, and commodity volumes by rate class, for Company's sale of gas within the Municipality on a quarterly basis.

Pursuant to T.C.A. §65-4-105(e), Company shall pass all franchise fees paid to Municipality hereunder through as a line item charge on the bills of Company's customers served by Company within the corporate limits of Municipality. Company shall pay to the Municipality the gross receipts of the franchise fee with a reduction only for bad debt not actually collected by Company for the franchise fees. Company shall not be liable for any franchise fees not collected from customers served by Company within the corporate limits of Municipality who have failed or refused to pay the franchise fee. However, failure of payment of the franchise fee by any customer shall subject the customer to collection procedures, including potential cessation of service, if the franchise fee remains unpaid, in accordance with the usual collection procedures of Company for customers who have not paid their bill in full. Municipality and Company also acknowledge that this franchise, including the fees to paid hereunder to Municipality, is subject to the approval of the Tennessee Regulatory Authority (TRA). In the event that this franchise or any portion hereof is not approved by the TRA or declared by any court of competent jurisdiction to be invalid or the franchise fees hereunder uncollectible by Company or Municipality, then the parties agree to amend this franchise to provide an alternative measure of compensation to Municipality which yields an equivalent or approximate equivalent amount of compensation to Municipality, and that Municipality shall be solely responsible for refunding any franchise fees, or portion thereof, which are not approved by the TRA or declared invalid or uncollectible by any court of competent jurisdiction.

Municipality will promptly notify Company in writing of any geographic areas annexed by the Municipality during the term hereof ("Annexation Notice"). Any such Annexation Notice shall be sent to Company by certified mail, return receipt request, and shall contain the effective date of the annexation, maps showing the annexed area and such other information as Company may reasonably require in order to ascertain whether there exist any customers of Company receiving natural gas service in said annexed area. To the extent there are such Company customers therein, then the gross revenues of Company derived from the sale and distribution of natural gas to such customers shall become subject to the franchise fee provisions hereof effective on the first day of Company's billing cycle immediately following Company's receipt of the Annexation Notice. The failure by Municipality to advise Company in writing through proper Annexation Notice of any geographic areas which are annexed by Municipality shall relieve Company from any obligation to remit

which are annexed by Municipality shall relieve Company from any obligation to remit any franchise fees to Municipality based upon gross revenues derived by Company from the sale and distribution of natural gas to customers within the annexed area until Municipality delivers an Annexation Notice to Company in accordance with the terms hereof.

**SECTION 12: BOOKS AND RECORDS** Upon the request of the Municipality, the books of the Company, including customer account numbers shall be produced at a mutually agreeable office of the Company in Tennessee for a franchise fee audit by the Municipality during normal business hours and upon reasonable notice at a mutually agreeable time. Except as stated above, no specific customer identity information such as name or address shall be required to be provided by Company to Municipality except for those customers who have failed to pay any franchise fees which may due to Municipality. In addition to the books and records produced by the Company, the Municipality may require additional records from the Company as it may deem appropriate to conduct its audit.

**SECTION 13: ANNUAL SYSTEM REPORT** The Company shall submit a written report and, at the Municipality's request, appear before the City Council at least on an annual basis to report on planned capital investments, extensions, system expansion, customer satisfaction and/or public safety response experience. The annual system report will include a comparison of rates and system performance measures (revenues, commodity sales, number of customers, etc.) for regional natural gas systems including but not limited to other systems operated by the Company and the systems operated by regional gas utilities. In addition, the Municipality and the Company will endeavor to coordinate Company expansion and repair activities with Municipality's public works projects.

**SECTION 14: DEFAULT AND CURE** Both the Company and the City recognize there may be circumstances whereby compliance with the provisions of this Ordinance is impossible or is delayed because of circumstances beyond the Company's control. In this instance, the Company shall use its best efforts to comply in a timely manner and to the extent possible. In the event of a

substantial breach by Company of any material provision of this Ordinance, the Municipality, acting by and through its City Council, may terminate the franchise and rights granted to Company hereunder, provided, however, that such termination shall not be effective unless and until the procedures described below have been followed:

A. The Municipality must deliver to Company, by certified or registered mail, a written notice. Such notice must (i) fairly and fully set forth in detail each of the alleged acts or omissions of Company that the Municipality contends constitutes a substantial breach of any material provision hereof within 30 days of the City's actual or constructive notice of the alleged breach whichever is later; and (ii) designate which of the terms and conditions hereof the City contends Company breached.

B. The City shall permit Company the opportunity to substantially correct and cure all of the breaches hereof set forth in the written notice described in subsection (A) above within thirty (30) days after Company's receipt of such notice before termination may occur.

C. If the Company objects and disagrees with the City's determination that a substantial breach of a material provision has occurred, the Company may submit the issue to the City Council for review within thirty (30) days of receipt of the written notice described in subsection (A) above. Termination of this Ordinance shall be stayed during the course of any such review or subsequent litigation on the issue until the matter is either resolved by agreement between the parties or upon entry of a final order of a court authorizing termination by the City.

In the event the Ordinance is properly terminated pursuant to the terms of this section prior to the expiration of the 10-year period or any renewal period thereafter, the Company shall not be entitled to claim lost profits against the City for the balance of time remaining under the 10-year period or any renewal period thereafter in a sale of assets to the City or any condemnation action. In the event of termination and/or expiration of this Ordinance, the Company may continue to operate on the same terms and conditions pending either a negotiated sale of its assets, negotiation of a new



franchise or condemnation, whichever first occurs, with a minimum period of six months and a maximum period of 24 months, absent agreement of the parties.

**SECTION 15: ENTIRE AGREEMENT** If any section or portion of any section of this Ordinance shall hereafter be determined by any court of competent authority to be invalid, the Company and the Municipality, at their election, may ratify or confirm the remaining portions of the Ordinance and upon such ratification or confirmation the remaining portions of this Ordinance shall remain in full force and effect.

**SECTION 16: COMPANY ACCEPTANCE** The Company shall, within sixty (60) days after passage of the Ordinance, file with the City Recorder or other appropriate officials of the Municipality its unconditional acceptance signed by its President or Vice President of the terms and conditions of this Ordinance and after filing of this acceptance, this Ordinance shall constitute a contract between the parties thereto and shall, subject to the rights and powers vested in the Tennessee Regulatory Authority or such other regulatory body of the State of Tennessee as may hereafter succeed to the rights and powers of the Tennessee Regulatory Authority or as may exercise statutory jurisdiction of gas companies furnishing gas service in the State of Tennessee, be the measure of the rights, powers, obligations, privileges and liabilities of said Municipality and of said Company.

**SECTION 17: NOTICES** All notices required by this franchise shall be given in writing and forwarded to the addresses by certified mail of the United States. All notices to the Municipality shall be addressed to:

City Manager  
223 Associates Blvd  
Alcoa, TN 37701

cc: David R. Duggan, City Attorney  
PO Box 5059, 250 High St.  
Maryville, TN 37802-5059

All notices to the Company shall be addressed to:

Manager  
Atmos Energy  
Maryville, Tennessee

The return receipt of the certified mail shall be conclusive evidence of the receipt of the mail by the addressee.

## SECTION 18: ASSIGNMENT

A. The Company shall not sell or assign its rights and privileges under this franchise without the prior written consent of Municipality, which consent shall not be unreasonably withheld. A merger, consolidation or reorganization involving Company shall not constitute an assignment for purposes hereof.

B. Nothing in this Section shall be deemed to prohibit a mortgage or pledge of the franchise or of its properties for financing purposes.

SECTION 19: ABANDONMENT OF FACILITIES Upon abandonment of any of the facilities or equipment of the Company located above or below the surface of the Streets, the Company shall notify the City Manager in writing of such abandonment within a reasonable time thereafter, and if such abandonment of facilities or equipment will then interfere with the use of the Streets by the City, the City Manager within ninety (90) days of the notification by Company of the abandonment shall give written notice thereof to the Company and the Company shall commence to remove the same within twenty (20) days following the date of the written notice and continue the work to completion with reasonable diligence and at its own cost and expense.

SECTION 20: INSURANCE The Company hereby agrees, upon official request of the City, to furnish to the City evidence of insurance in such amounts as may be reasonably necessary to protect the City. However, the coverage shall, at a minimum, include Workers' Compensation insurance covering the Company's statutory obligation under the laws of the State of Tennessee and Employer's Liability insurance for all its employees engaged in work under the franchise. Minimum limits of liability for Employer's Liability shall be \$100,000.00 bodily injury each occurrence; \$500,000.00 bodily injury by disease (policy limit); and \$100,000.00 bodily injury by disease (each employee).

SECTION 21: SUCCESSORS AND ASSIGNS

All the privileges given and obligations created by this Ordinance shall be binding upon the successors and assigns of the Company.

SECTION 22: SUPERSEDES PRIOR AGREEMENT

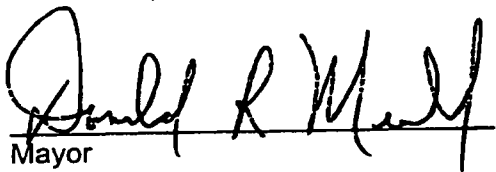
This agreement, upon its taking effect, shall supersede any and all prior ordinances and/or agreements, together with any amendments thereof, by the Municipality granting a gas franchise to Company.

SECTION 23: APPLICABLE LAW

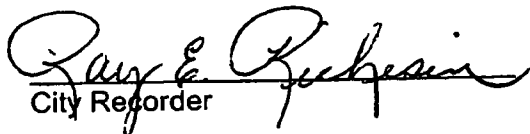
Company and Municipality agree that in the event of litigation regarding or involving this contract that such litigation shall take place in Blount County Circuit Court and that Tennessee law shall apply.

SECTION 24: EFFECTIVE DATE

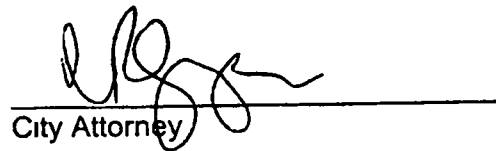
This Ordinance shall take effect upon final passage, the public welfare requiring it.

  
Mayor

ATTEST:

  
City Recorder


APPROVED AS TO FORM:

  
City Attorney

Passed on First Reading

8/10/04   
City Recorder

Passed on Second Reading

8/27/04   
City Recorder

**ACCEPTANCE OF FRANCHISE**

County of Blount, Tennessee

TO: County Recorder  
Blount, Tennessee

Atmos Energy Corporation hereby respectfully files with you its written acceptance of the franchise adopted by the Governing Council of the County of Blount, Tennessee, dated 26 August, 2004, entitled:


ORDINANCE NO. 04-08-008

AN ORDINANCE GRANTING TO ATMOS ENERGY CORPORATION, ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO PROVIDE THE COUNTY OF BLOUNT, TENNESSEE, WITH NATURAL GAS SERVICE, AND THE RIGHT TO CONSTRUCT, MAINTAIN, AND OPERATE A SYSTEM OF GAS MAINS AND SERVICE PIPES FOR THE PURPOSE OF TRANSMITTING AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER THE HIGHWAYS, STREETS, AVENUES, ROADS, ALLEYS, LANES, WAYS, UTILITY EASEMENTS, PARKWAYS AND OTHER PUBLIC GROUNDS OF THE COUNTY OF BLOUNT, TENNESSEE

and all the rights and privileges, terms and provisions therein contained.

IN WITNESS WHEREOF, Atmos Energy Corporation, has caused this instrument to be signed by its Vice-President on this 15<sup>th</sup> day of September, 2004.

ATMOS ENERGY CORPORATION

By   
Robert M. Elam  
Vice-President, Mid-States Division

**RECEIPT**

TO: ATMOS ENERGY CORPORATION

The Undersigned, County Clerk of the County of Blount, Tennessee hereby acknowledges receipt of an instrument of acceptance of a certain gas franchise ordinance signed by the Vice-President of the Mid-States division of Atmos Energy Corporation, and that the acceptance of such franchise ordinance was delivered to the undersigned as County Clerk of said County on the 26 day of August, 2004, and is now held as part of the records of said County.

WITNESS the hand of said County Clerk and the seal of said County on this 20 day of Sept, 2004.

Don Crawford, Jr.  
County Clerk  
by Margaret M. Blair Sec

RESOLUTION No 04-08-007

Sponsored by Commissioners: Keith Brock and Otto Slater

A RESOLUTION TO ADJUST THE 2004 SALARY INCREASE FOR COMMISSIONERS

WHEREAS, the original intent of the Blount County Commission was to adopt a flat 2% increase for Commissioners equivalent to that received of the County employees minus any step raise, and

WHEREAS, the actual adopted increase did apply the 2% and an additional 5%, which is the maximum allowed for a step increase, to the Commissioners' pay

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of Blount County Tennessee, assembled in regular session this 19<sup>th</sup> day of August 2004, that effective September 1, 2004 the salary for all Blount County Commissioners will be decreased by 5% thus making the new total increase a flat 2%

Duly authorized and approved the 19<sup>th</sup> day of August 2004.

CERTIFICATION OF ACTION

Dr. Robert L. Ramsey  
Commission Chairman

ATTEST  
Ben Crawford  
County Clerk

Approved ☒

Vetoed ☐

Buddy D. White  
County Mayor

8-26-04  
Date

IN RE: RESOLUTION GRANTING ATMOS ENERGY CORPORATION, ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO PROVIDE NATURAL GAS SERVICE WITHIN THE UNINCORPORATED AREAS OF BLOUNT COUNTY, TENNESSEE, AND THE RIGHT TO CONSTRUCT, MAINTAIN, AND OPERATE A SYSTEM OF GAS MAINS AND SERVICE PIPES FOR THE PURPOSE OF TRANSMITTING AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER THE HIGHWAYS, STREETS, AVENUES, ROADS, ALLEYS, LANES, WAYS, UTILITY EASEMENTS, PARKWAYS AND OTHER PUBLIC GROUNDS LOCATED WITHIN THE UNINCORPORATED AREAS OF BLOUNT COUNTY, TENNESSEE.

Commissioner Gray made a motion to approve the resolution with the provision that all monies received from the agreement go to debt service Commissioner Walker seconded the motion

A roll call vote was taken on the motion

Arwood - aye	Farmer - aye	Kidd - aye	Slater - aye
Brock - aye	Graham - aye	Kirkland - nay	Townsend - aye
Cardin - aye	Gray - aye	McCall - aye	Walker - aye
Dowdy - aye	Hargis - aye	Melton - aye	
Evans - aye	Hamson - aye	Neubert - aye	
Everett - absent	Keeble - aye	Ramsey - aye	

There were 19 voting aye, 1 voting nay, and 1 absent Chairman Ramsey declared the motion to have passed

RESOLUTION NO. 04-08-008

A RESOLUTION GRANTING ATMOS ENERGY CORPORATION, ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO PROVIDE NATURAL GAS SERVICE WITHIN THE UNINCORPORATED AREAS OF BLOUNT COUNTY, TENNESSEE, AND THE RIGHT TO CONSTRUCT, MAINTAIN, AND OPERATE A SYSTEM OF GAS MAINS AND SERVICE PIPES FOR THE PURPOSE OF TRANSMITTING AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER THE HIGHWAYS, STREETS, AVENUES, ROADS, ALLEYS, LANES, WAYS, UTILITY EASEMENTS, PARKWAYS AND OTHER PUBLIC GROUNDS LOCATED WITHIN THE UNINCORPORATED AREAS OF BLOUNT COUNTY, TENNESSEE.

\* \* \* \* \*

BE IT RESOLVED by the Board of County Commissioners of Blount County, Tennessee, meeting in regular session assembled this 19<sup>th</sup> day of August, 2004, as follows:

SECTION 1. Grant and Term Atmos Energy Corporation, a corporation organized and existing under the laws of the State of Texas and the Commonwealth of Virginia, its successors and assigns, (hereinafter for convenience, individually and collectively referred to as the "Company") is hereby granted the right, authority, privilege, and non-exclusive franchise to provide natural gas service within the unincorporated areas of Blount County, Tennessee, (hereinafter for convenience referred to as the "County") and to the inhabitants, institutions and businesses thereof and in providing such natural gas service, to construct, maintain and operate a system of gas mains, service pipes, regulator stations and all other necessary and appropriate equipment and facilities for distributing and/or supplying gas and its by-products in, upon, under, along, across and over the highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways and other public grounds located within the present or future unincorporated areas of the County and to provide for such other appliances, fixtures and facilities as may be necessary for the transmission, distribution and sale of gas within the unincorporated areas of the County and for such other purposes for which it is or may hereafter be used, for a period of ten (10) years from and after the passage and approval of this Resolution unless such franchise is terminated sooner pursuant to Section 14 hereof. The term of this Resolution shall be renewed for an additional five (5) years on the same terms and conditions unless such franchise is terminated sooner pursuant to Section 14 hereof or the Board of County Commissioners of Blount County, Tennessee, votes within one (1) year prior to the end of the initial ten-year term not to renew. The Company hereby agrees to provide such natural gas service within the unincorporated areas of the County and to its inhabitants in accordance with the terms of this Resolution

SECTION 2. Construction of Facilities. All gas mains, service pipes, fixtures, facilities and other appliances so laid, constructed and maintained by virtue of this Resolution shall be so laid, constructed and maintained in accordance with good engineering principles, good workmanship and with all applicable engineering codes and in accordance with any applicable

Statutes of the State of Tennessee and the Rules and Regulations of the Tennessee Regulatory Authority (hereinafter for convenience referred to as the "TRA") or of any other governmental regulatory commission, board or agency having jurisdiction over the Company and in compliance with all applicable resolutions, rules and regulations of the County. Said facilities shall be constructed so as not to interfere with the drainage of the County or unreasonably interfere with or injure any utility or any other improvement which the County has heretofore made or may hereafter make in, upon or along any highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground, or unnecessarily impede or obstruct such highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways, and other public grounds located within the unincorporated areas of the County, and shall conform to the grade as then or hereafter established. The Company agrees to attempt to utilize known rights of way whenever practical before resorting to any right of condemnation to which the Company may be entitled to utilize by law.

**SECTION 3. Street Safety.** When the streets, avenues, alleys and other public ways are opened, or any other opening is made by the Company within the unincorporated areas of the County, where the same is made for the purpose of laying, constructing, replacing or repairing the mains, pipes and other appliances and fixtures of the Company, the Company shall place and maintain necessary safety devices, barriers, lights and warnings to properly notify persons of any dangers resulting from such entrances, and shall comply with applicable safety regulations required by federal, state, and local laws.

**SECTION 4. Relocation of Facilities** In the event it becomes necessary or expedient for the County to change the course or grade of any highway, street, avenue, road, alley, way, parkway, or other public ground in which the Company is maintaining gas mains, pipes or other appliances and fixtures, then, upon the written request of the County, the Company, at its expense, will remove or change the location or depth of such mains, pipes or other appliances and fixtures, as necessary to conform to the proposed street alteration.

**SECTION 5. Use of Public Ways.** Whenever the Company plans to enter upon any highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground located within the unincorporated areas of the County for the purpose of constructing, replacing or repairing any gas mains, pipes, or other appliances, it shall notify the County of such work and shall file a plan or map of the proposed work, if practicable, before commencing same. The Company shall be responsible for payment of such fees and acquiring such permits as may be required for said work. Whenever any highway, street, avenue, road, alley, lane, way, utility easement, parkway or other public ground located within the unincorporated areas of the County shall be entered, dug up or disturbed by the Company, the Company shall, at its expense and as soon as possible after the work is completed, restore such highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground in as good condition as existed before the work was done. In the event the Company shall fail to fulfill its obligations under this section, the County, after giving the Company reasonable written notice, and failure of the Company to make such repairs or restoration within three (3) working days after the receipt of such notice by the Company, may make the necessary restoration or repairs, itself and the Company shall be liable and shall reimburse the County for the cost of the same or in accordance with provisions that may be contained in any prevailing resolution(s), rule(s) or regulations(s).



The provisions of this section shall not be applied nor interpreted in such a way as to prevent or delay Company work that may be required as a result of any emergency, leak or other immediate hazard or danger.

**SECTION 6. Local Operating Practices.** The purpose and intent of this franchise is that the Company will provide and maintain in a good state of repair a gas distribution plant and facilities, including but not limited to, mains, pipes, appliances, equipment, machinery, fixtures, meters and customer services to and for the citizens and residents of the unincorporated areas of the County. To achieve these ends, the Company will provide, but not be limited to, the following:

- A. An ample supply subject to interstate pipeline capacity and availability of natural gas for the present and future residential, commercial and industrial needs within the unincorporated areas of the County.
- B. Maintain and staff a customer service office within Blount County which is open to the public Monday through Friday during normal business hours. The Company will staff the office with a minimum of one (1) qualified employee to provide customer service, including billing and payment inquiries, acceptance of service connection/disconnection orders, and to use its best efforts to resolve customer issues. The Company shall maintain said office during the term of this Resolution unless the Company and the County mutually agree in writing that the operation of said office may be modified or closed at a later date;
- C. Maintain and staff, or by contract, provide a location or location(s) within Blount County where customers' gas bills may be paid during normal business hours at least five (5) days a week;
- D. Pay the fees as set forth in Section 11; and
- E. Maintain and staff a warehouse or repair depot in Blount County where parts, pipes, meters, tools, machinery and equipment are maintained and housed to service the company's facilities and its customers, including but not limited to, residences, businesses, and industries of the unincorporated areas of the County.

**SECTION 7. Emergency Services.** At a minimum, the Company shall maintain a staff of at least three (3) qualified persons, at least one (1) of whom can respond to an emergency within the unincorporated areas of the County within a reasonable amount of time. At least one (1) of the three (3) employees shall be available twenty-four (24) hours per day for performing emergency services. The Company shall provide adequate equipment and service personnel based in Blount County to respond to customer service calls from locations within the unincorporated areas of the County and shall provide the local public safety agencies, including the County Sheriff's

Office, the Blount County Fire Protection District and all volunteer fire departments operating within the unincorporated areas of the County, the Company's toll free emergency telephone number and a current listing of direct local and pager numbers of the local Company's agents or employees to contact in case of emergency. Company commits to notify the County telephonically with a follow up by telefax or telephone call of any emergency affecting its distribution facilities within the unincorporated areas of the County. The parties will endeavor to coordinate an appropriate and reasonable response to any such emergency.

**SECTION 8. Indemnification.** The Company shall at all times indemnify and hold harmless the County from and against any and all lawful judgments and/or claims for injury to any person or property due to the failure to exercise due care and diligence of the Company, its employees, agents, servants, and contractors in the construction, maintenance, repair, installation, and/or operation of the system and its extensions, alterations, relocation, replacement of parts of the system and/or the failure of the Company to provide services or the negligence of the Company in providing services to citizens and residents of the unincorporated areas of the County or within the unincorporated areas of the County. The County shall not be liable for the failure of the Company to perform any of its obligations under this franchise irrespective of whether the County's personnel have notice or information of any condition caused or contributed to by the Company which does harm to persons or property. However, any written notice of demand received by the County Mayor against the County on account of the Company's services, facilities, installations, repair work, or any other action of the Company or the inaction of the Company required by this franchise will be forwarded to the Company within twenty (20) days after its receipt.

**SECTION 9. TRA Rules and Regulations.** The County and the Company hereby agree that this Resolution shall from time to time be subject to rules and regulations adopted by the Company if approved by the TRA or any other regulatory body having jurisdiction thereof during the term of this Resolution, and shall also be subject to all rules and regulations adopted and approved by the TRA or any other regulatory body and that all such rules and regulations shall be and become a part of this Resolution to the same extent and with the same effect as if said rules and regulations were herein set out in full. The Company shall not be obligated or required to make any extension of distribution mains or service lines except in accordance with the provisions relating thereto adopted or approved by the TRA, or any other regulatory body having jurisdiction thereof during the term of this Resolution.

**SECTION 10. Company Rights.** Nothing herein contained shall be construed as preventing the Company from installing, placing, replacing, taking up, repairing or removing gas pipes, mains, service pipes or other devices for furnishing gas services, from using any easements for gas service which are shown on any plats of any portion of the unincorporated areas of the County heretofore or hereafter platted or recorded or any such easement which may hereafter be created, granted or dedicated for any such utility purposes by any person, firm or corporation whatsoever.

**SECTION 11. Franchise Fee.** As consideration for the franchise and rights herein granted to the Company and for the use by the Company of the streets, roads, highways, alleys,

public ways and other real property owned or controlled by the County, the Company shall pay to the County a franchise fee equal to the aggregate of the following.

- A. Five percent (5%) of the Company's gross receipts derived from retail natural gas sales within the unincorporated areas of the County;
- B. One half of one cent per one hundred cubic feet (\$.005/ccf) of natural gas transported by Company within the unincorporated areas of the County during the preceding calendar year to each customer of the Company who has elected to receive only gas transportation service from the Company.

The franchise fee shall be paid to the County quarterly within sixty (60) days of the end of each quarter. The Company shall furnish to the County a report showing the monthly amount of gross revenues and commodity volumes by rate class for the Company's sale of gas within the unincorporated areas of the County on a quarterly basis

Pursuant to Tenn. Code Ann. § 65-4-105(e), the Company shall pass all franchise fees paid to the County hereunder through as a line item charge on the bills of the Company's customers within the unincorporated areas of the County. The Company shall pay to the County the gross receipts of the franchise fee with a reduction only for bad debt not actually collected by the Company for the franchise fees. The Company shall not be liable for any franchise fees not collected from customers served by the Company within the unincorporated areas of the County who have failed or refused to pay the franchise fee. However, failure of payment of the franchise fee by any customer shall subject the customer to collection procedures, including potential cessation of service, if the franchise fee remains unpaid, in accordance with the usual collection procedures of the Company for customers who have not paid their bill in full. The County and the Company also acknowledge that this franchise, including the fees to be paid hereunder to the County, is subject to the approval of the TRA. In the event that this franchise or any portion hereof is not approved by the TRA or declared by any court of competent jurisdiction to be invalid or the franchise fees hereunder uncollectible by the Company or the County, then the parties agree to amend this franchise to provide an alternative measure of compensation to the County which yields an equivalent or approximate equivalent amount of compensation to the County, and that the County shall be solely responsible for refunding any franchise fees, or portion thereof, which are not approved by the TRA or declared invalid or uncollectible by any court of competent jurisdiction.

**SECTION 12 Books and Records.** Upon the request of the County, the books of the Company, including customer account numbers shall be produced at a mutually agreeable office of the Company in Tennessee for a franchise fee audit by the County during normal business hours and upon reasonable notice at a mutually agreeable time. Except as stated above, no specific customer identity information such as name or address shall be required to be provided by the Company to the County except for those customers who have failed to pay any franchise fees which may be due to the County. In addition to the books and records produced by the Company, the County may require additional records from the Company as it may deem appropriated to conduct its audit

**SECTION 13. Annual System Report.** The Company shall submit a written report and, at the County's request, appear before the Board of County Commissioners of Blount County, Tennessee, at least on an annual basis to report on planned capital investments, extensions, system expansion, customer satisfaction and/or public safety response experience. The annual system report will include a comparison of rates and system performance measures (revenues, commodity sales, number of customers, etc.) for regional natural gas systems including but not limited to other systems operated by the Company and the systems operated by regional gas utilities. In addition, the County and the Company will endeavor to coordinate Company expansion and repair activities with the County's public works projects.

**SECTION 14. Default and Cure.** Both the Company and the County recognize there may be circumstances whereby compliance with the provisions of this Resolution is impossible or is delayed because of circumstances beyond the Company's control. In this instance, the Company shall use its best efforts to comply in a timely manner and to the extent possible. In the event of a substantial breach by Company of any material provision of this Resolution, the County, acting by and through its Board of County Commissioners, may terminate the franchise and rights granted to Company hereunder, provided, however, that such termination shall not be effective unless and until the procedures described below have been followed:

- A. The County must deliver to the Company, by certified mail, a written notice. Such notice must (i) fairly and fully set forth in detail each of the alleged acts or omissions of the Company that the County contends constitutes a substantial breach of any material provision hereof within thirty (30) days of the County's actual or constructive notice of the alleged breach, whichever is later; and (ii) designate which of the terms and conditions hereof the County contends the Company breached.
- B. The County shall permit the Company the opportunity to substantially correct and cure all of the breaches hereof set forth in the written notice described in subsection A above within thirty (30) days after the Company's receipt of such notice before termination may occur.
- C. If the Company objects and disagrees with the County's determination that a substantial breach of a material provision has occurred, the Company may submit the issue to the Board of County Commissioners of Blount County, Tennessee, for review within thirty (30) days of receipt of the written notice described in subsection A above. Termination of this Resolution shall be stayed during the course of any such review or subsequent litigation on the issue until the matter is either resolved by agreement between the parties or upon entry of a final order of a court authorizing termination by the County.

In the event this Resolution is properly terminated pursuant to the terms of this section prior to the expiration of the ten-year period or any renewal period thereafter, the Company shall not be entitled to claim lost profits against the County for the balance of time remaining under the ten-year period or any renewal period thereafter in a sale of assets to the County or any condemnation action. In the event of termination and/or expiration of this Resolution, the Company may continue to operate on the same terms and conditions pending either a negotiated sale of its assets, negotiation of a new franchise or condemnation, whichever first occurs, with a minimum period of six (6) months and a maximum period of twenty four (24) months, absent agreement of the parties

**SECTION 15. Entire Agreement.** If any section or portion of any section of this Resolution shall hereafter be determined by any court of competent authority to be invalid, the Company and the County, at their election, may ratify or confirm the remaining portions of this Resolution and upon such ratification or confirmation the remaining portions of this Resolution shall remain in full force and effect.

**SECTION 16. Company Acceptance.** The Company shall, within sixty (60) days after adoption of this Resolution, file with the County Clerk or other appropriate officials of the County its unconditional acceptance signed by its President or Vice-President of the terms and conditions of this Resolution and after filing of this acceptance, this Resolution shall constitute a contract between the parties thereto and shall, subject to the rights and powers vested in the TRA or such other regulatory body of the State of Tennessee as may hereafter succeed to the rights and powers of the TRA or which may exercise statutory jurisdiction of gas companies furnishing gas service in the State of Tennessee, be the measure of the rights, powers, obligations, privileges and liabilities of the County and the Company.

**SECTION 17. Notices.** All notices required by this franchise shall be given in writing and forwarded to the addressee by certified mail of the United States. All notices to the County shall be addressed to:

County Mayor  
341 Court Street  
Maryville, TN 37804-5906

All notices to the Company shall be addressed to:

Manager  
Atmos Energy  
Maryville, Tennessee

The return receipt of the certified mail shall be conclusive evidence of the receipt of the mail by the addressee.

**SECTION 18 Assignment.**

- A** The Company shall not sell or assign its rights and privileges under this franchise without the prior written consent of the County, which consent shall not be unreasonably withheld. A merger, consolidation or reorganization involving Company shall not constitute an assignment for purposes hereof.
- B** Nothing in this Section shall be deemed to prohibit a mortgage or pledge of the franchise or of its properties for financing purposes.

**SECTION 19. Abandonment of Facilities.** Upon abandonment of any of the facilities or equipment of the Company located above or below the surface of the highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways and other public grounds located within the unincorporated areas of the County, the Company shall notify the County Mayor in writing of such abandonment within a reasonable time thereafter and if such abandonment facilities or equipment will then interfere with the use of the said public grounds by the County, the County Mayor within ninety (90) days of the notification by Company of the abandonment shall give written notice thereof to the Company, and the Company shall commence to remove the same within twenty (20) days following the date of the written notice and continue the work to completion with reasonable diligence and at its own cost and expense.

**SECTION 20. Insurance.** The Company hereby agrees, upon official request of the County, to furnish to the County evidence of insurance in such amounts as may be reasonably necessary to protect the County. The County shall be a named or additional insured party under such insurance coverage(s). However, such insurance coverage(s) shall, at a minimum, include Workers' Compensation insurance covering the Company's statutory obligation under the laws of the State of Tennessee and Employer's Liability insurance for all its employees engaged in work under the franchise. Minimum limits of liability for Employer's Liability shall be \$100,000.00 bodily injury per each occurrence; \$500,000.00 bodily injury by disease (policy limit); and \$100,000.00 bodily injury by disease (each employee).

**SECTION 21. Successors and Assigns.** All the privileges given and obligations created by this Resolution shall be binding upon the successors and assigns of the Company.

**SECTION 22. Supersedes Prior Resolution.** This Resolution, upon its taking effect, shall supersede any and all prior resolutions and/or agreements, together with any amendments thereof, by the County granting a gas franchise to the Company.

**SECTION 23. Applicable Law.** The Company and the County agree that in the event of litigation regarding or involving this Resolution; that such litigation shall take place in the Blount County Circuit Court and that Tennessee law shall apply.

**SECTION 24. Effective Date.** This Resolution shall take effect upon its adoption and acceptance, the public welfare requiring it.

Dr. Robert L. Ramsey  
Chairman

Attest:

Ray Crawford  
County Clerk

Resolution Sponsors:

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

Approved: ☒

Vetoed: \_\_\_\_\_

Brendy D. Woody  
County Mayor

8-26-04  
Date

IN RE: REPORTS and  
ANNUAL FINANCIAL REPORT OF CIRCUIT COURT CLERK, GENERAL SESSIONS COURT  
CLERK, CLERK & MASTER AND SHERIFF.

Commissioner Brock made a motion to approve the reports Commissioner Neubert seconded the motion

A voice vote was taken on the motion with Chairman Ramsey declaring the motion to have passed

Blount County, Tennessee  
Office of the General Sessions Court  
Annual Financial Report  
For the Year Ended June 30, 2004

Account No.	Description	Beginning Balance	Adjustments	Receipts	Transfers In	Disbursements	Transfers Out	Commodity Transfers	Ending Balance
21000	Other Current Liabilities	1,585.30	0.00	0.00	0.00	0.00	0.00	0.00	1,585.30
23000	Due to State of Tennessee	2,702.01	-844.87	689,922.70	6,832.80	353,618.03	-1,200.13	0.00	42,607.92
24000	Due to County Trustee	9,697.82	1,230.13	1,173,804.02	20,728.40	1,574,342.36	3,305.76	0.00	171,342.14
25000	Due to Cities	459.05	0.00	92,684.10	4,100.00	90,802.55	148.00	0.00	6,589.05
26000	Due to Utilities, Hires and Others	183,471.86	11,495.83	1,659,728.04	6,771.40	1,945,903.79	-1,870.83	0.00	201,634.43
28000	Fee and Commission Account	4,859.83	-333.12	1,059,067.68	7,336.13	803,361.36	-834.87	0.00	116,833.00
Total		106,438.88	9,147.21	2,817,238.34	49,877.31	3,528,428.74	-48,877.31	0.00	498,399.43
Summary of Assets:									
Cash		630.00							630.00
Cash in Bank		110,841.87							399,759.02
Investments		78,927.21							106,833.47
Prepayments		359.00							359.00
Total		100,478.08							483,392.49

\* cash included in receivables

This report is submitted in accordance with requirements of section 6-6-603  
and/or 67-5-1002 Tennessee Code Annotated, and to the best of my knowledge,  
information and belief accurately reflects transactions of this office for the  
year ended June 30, 2004.

Kim Hipp 7-14-04  
Signature Date  
Chief Administrator Accounting  
Title

This report is to be filed  
with the County Commission  
and County Clerk.

STATE OF TENNESSEE, COUNTY OF BLOUNT  
I ROY C. CRAWFORD JR. CLERK  
OF THE COUNTY COURT OF SAID COUNTY, DO CERTIFY  
THAT THE FOREGOING IS A TRUE COPY OF THE  
MINUTES OF THE BLOUNT COUNTY CO  
AS THE SAME APPEARS OF RECORD IN MY OFFICE  
WITNESS MY HAND AND OFFICIAL SEAL IN MARYVILLE

THIS 9th DAY SEPTEMBER 2004

CLERK Roy Crawford Jr.  
Should